



**TRADE & INDUSTRIAL POLICY STRATEGIES**

**Trade & Industrial Policy Strategies (TIPS) is a research organisation that facilitates policy development and dialogue across three focus areas: trade and industrial policy, inequality and economic inclusion, and sustainable growth**

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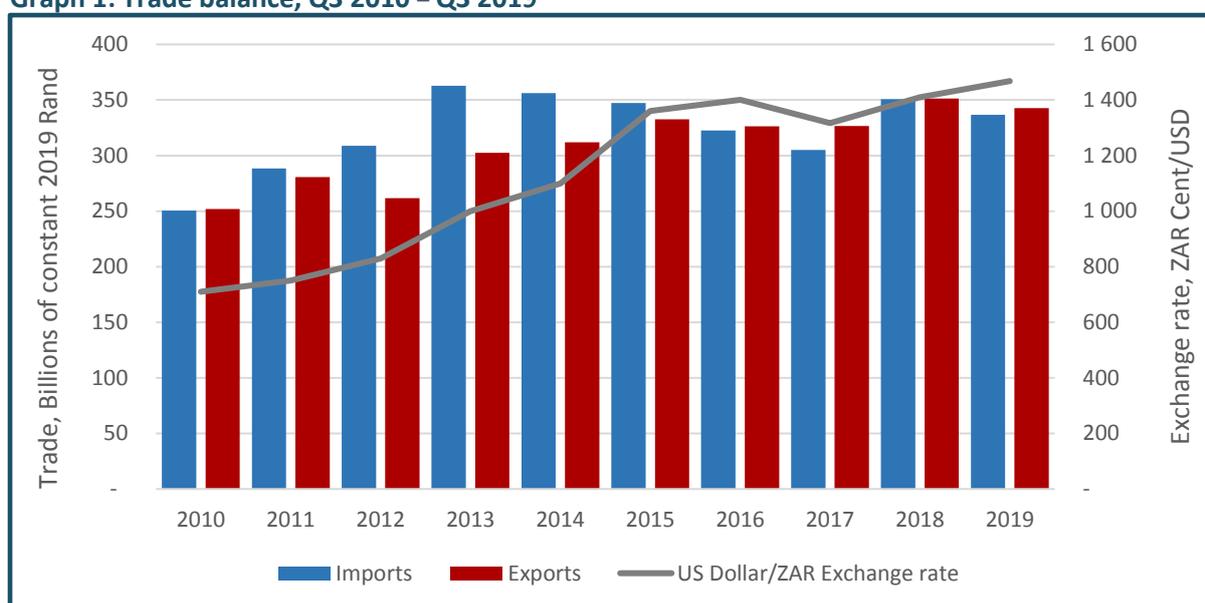
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## Import trends

### Trade context

The trade balance grew for the second consecutive quarter, from R3 billion in the second quarter of 2019 to R6 billion in the third quarter of 2019. Nevertheless, both imports and exports show year-on-year declines, at 4% for imports from R351 billion in the third quarter of 2018 to R337 billion in the third quarter of 2019, and 2% for exports from R351 billion to R343 billion during the same period (see Graph 1). Imports for the third quarter are driven by crude oil (R22.3 billion), automotive components (more than R50 billion), as well as diesel (R11.5 billion). Exports for the quarter amounted to more than R340 billion, mainly driven by exports of precious metals (R53.6 billion); mineral products (about R50.3 billion); vehicles and accessories (R50.1 billion); and machinery, including catalytic converters (R21.7 billion).

**Graph 1: Trade balance, Q3 2010 – Q3 2019**



Source: Calculated from South African Reserve Bank (SARS) Trade Statistics and South African Reserve Bank (SARB).

### Major imports

The top 100 imports by Rand value, which amount to R161.2 billion are listed in Annexure 1. As was the case in previous quarters, the list is dominated by commodities such as production metals, petroleum and other liquid fuels, aircraft and aircraft components, information and communications technology (ICT) equipment, automotive (including automotive components), food and beverage products, and medical equipment.

In addition, imports of some products surged in the third quarter of 2019 in Rand value. Some of the surges were flagged in the second quarter. These include wind-powered generating sets (R2.1 billion), non-irradiated fuel elements for nuclear reactors (R0.56 billion), and maize (excluding seed for sowing) (R0.47 billion). As explained in the previous quarter, the import surge of wind-powered generating sets appears to be driven by the construction of the Nxuba Wind Farm in the Eastern Cape, which is expected to generate 140 MW once completed. The surge in maize imports appears to be driven by local shortages as a result of decreased production in 2018. The non-irradiated fuel elements for

nuclear reactors are likely destined for the Koeberg Nuclear Power Station, for which maintenance plans were announced in April.<sup>1</sup>

Other items that have surged in Rand value year-on-year are fully or partly automatic machines for resistance welding of metals (R0.43 billion), machinery for making pulp of fibrous cellulosic material (R0.58 billion), as well as containers of iron or steel for compressed or liquefied gas (R0.41 billion).

## Import surges

Annexure 2 provides a list of the top 50 imports with the most rapid growth in quantity for the third quarter of 2019. The annexure also provides a summary of the possible reasons for the surges, along with those items for which the rapid growth requires further analysis. The next section provides explanations for the surges in Annexure 2.

## Explanation of import surges

### Finding 1: Ongoing monitoring of previously identified surges

Table 1 provides a list of items which have been monitored since the first quarter of 2018 as a result of a surge in quantities imported. Items for which the trend has been explained, or for which the trend has returned to normal levels, have been removed from the list.

**Table 1: Ongoing monitoring of import surges from Q1 2018 – Q2 2019**

HS Code	Product description	Status of surge	Explanations
<b>10059090</b>	Maize (excluding seed for sowing): Other	Ongoing	The growth is driven by imports from Argentina. This appears to be driven by decreased production of maize in South Africa in 2018.
<b>27112990</b>	Hydrocarbons in gaseous state, n.e.s. (excluding natural gas): Other	Accelerating	The surge is driven by imports from the US in July and August.
<b>26011100</b>	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	Slowing	The surge is driven by imports from Australia. It appears Australia was still capitalising on Vale's misery in Brazil, which had to close operations for a while following a dam collapse.
<b>23063000</b>	Oilcake and other solid residues from the extraction of sunflower seeds	Slowing	The growth is driven by imports from Argentina. This appears to be driven by decreased production of sunflower seeds in South Africa in 2018.
<b>22042941</b>	Wine of fresh grapes, including fortified wines, and grape must	Accelerating	Surge from Spain and Argentina
<b>85235290</b>	Cards incorporating one or more electronic integrated circuits "smart cards": Other	Ongoing	The growth is from France. Following a decline in imports in the second quarter of 2019, the country increased its exports to South Africa to 14.4 million units in the third quarter of 2019.

### Finding 2: Polyethers, in primary forms: Other

Polyethers in primary form (excluding polyacetals and goods of 3002 10): other (HS 39072090) are organic substances made by joining molecules of simpler compounds (monomers) using ether links

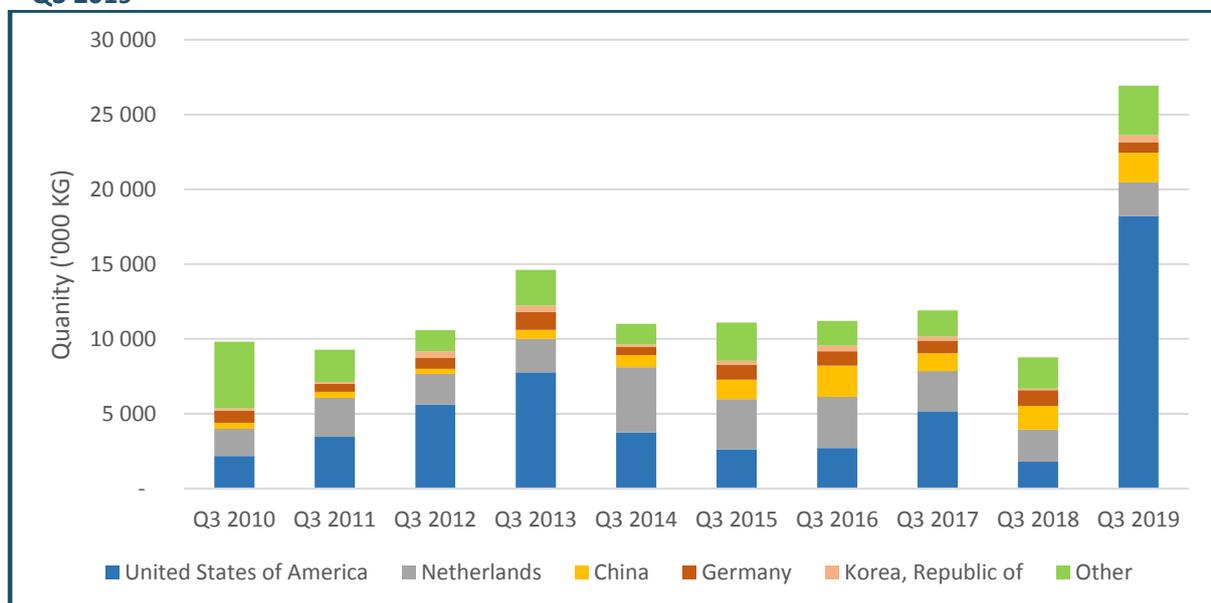
<sup>1</sup> <https://www.timeslive.co.za/sunday-times/business/2019-04-18-koeberg-revamp-planned-for-sas-sole-nuclear-power-plant/>

between them. In addition, “polyethers, which may be either chainlike or network like in molecular structure, comprise an unusually diverse group of polymers”.<sup>2</sup> Polyethers have various uses in the plastics industry, ranging from engineering plastics to elastomers.<sup>3</sup> The biggest exporters of polyethers in primary form are Netherlands, the United States (US), Germany, Belgium-Luxembourg and China.<sup>4</sup> The biggest importers are China, Germany, Italy, US and Turkey.

According to the Department of Trade and Industry (the dti), primary cells and batteries are not included in the list of South Africa’s designated items.<sup>5</sup> In terms of trade protection, this product has 0% level of protection to all countries. The extent of local production of polyethers in primary form is not immediately clear; however, South Africa does export the product. In the third quarter of 2019, 946 100 kilograms (kg) of polyethers were exported, and amounted to R27.8 million. In both quantity and Rand value terms more than 90% of the exports went to other African countries, mainly Zambia and Mozambique.

The third quarter of 2019 saw a 207% surge in the quantity of imports, with these growing from 8.8 million kg in the third quarter of 2018 to 26.9 million kg in the third quarter of 2019. The surge for the quarter is the result of a surge in imports from the US, which saw imports rise from 1.8 million kg in the third quarter of 2018 to 18.2 million kg in the third quarter of 2019 (see Graph 1). The surge appears to be the result of the fall in the unit price of polyethers from the US, from R27 per kg in July 2019 to R2.41 per kg in August of 2019. The price of polyethers from the US is dependent on the price of the upstream propylene markets, though with a lag time of a couple of months. Since the spot price of propylene in the US had dropped in June 2019, the resulting drop in price of polyether from the US can be attributed<sup>6</sup> to the one or two months lag in price response of polyethers.

**Graph 1: Top five countries from which South Africa imports polyethers in primary form, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> November 2019.

<sup>2</sup> <https://www.britannica.com/science/polyether>

<sup>3</sup> <https://www.britannica.com/topic/industrial-polymers-468698/Unsaturated-polyesters#ref608755>

<sup>4</sup> <https://oec.world/en/profile/hs07/390720/>

<sup>5</sup> [http://www.thedti.gov.za/industrial\\_development/ip.jsp](http://www.thedti.gov.za/industrial_development/ip.jsp)

<sup>6</sup> <https://www.icis.com/explore/resources/news/2019/06/12/10377708/us-polyether-polyol-prices-move-higher-on-stronger-propylene>

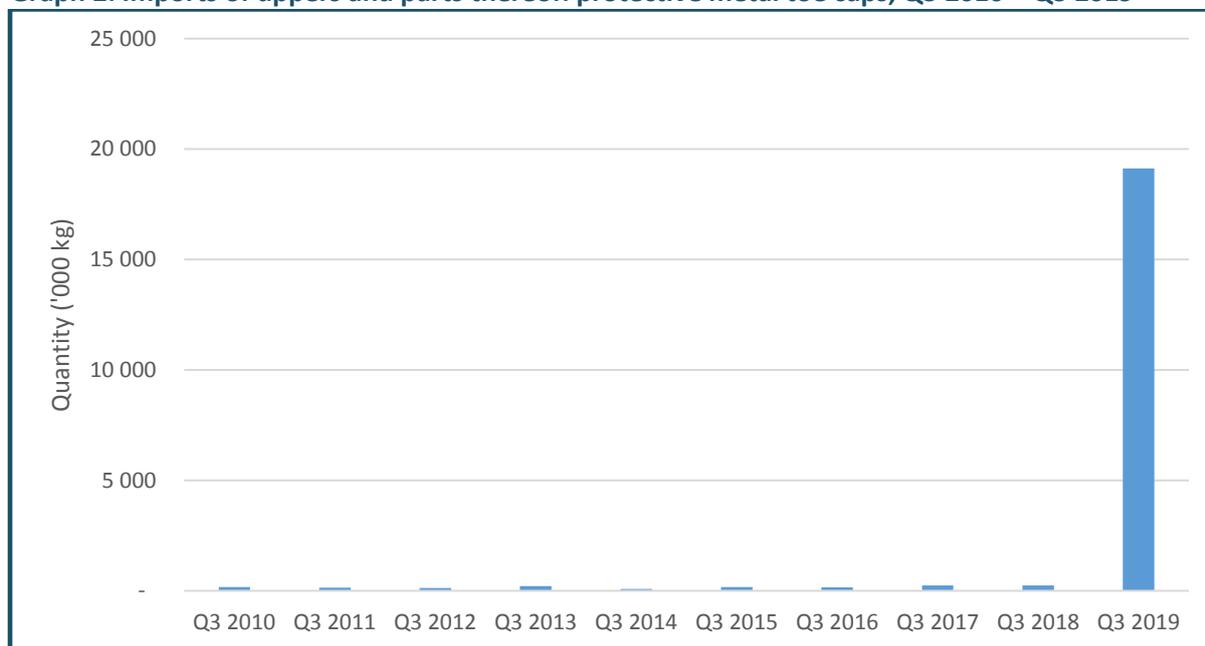
### Finding 3: Uppers and parts thereof: protective metal toe caps

Uppers and parts thereof: protective metal toe caps (HS 640 61015) form part of the anatomy of safety shoes. Protective metal toe caps are used in the production of protective and safety footwear to provide protection against impact, cuts, and penetration, among other injuries. China, Brazil and Italy are the three main sources of metal toe caps for South African importers, with China accounting for the bulk of the supply since 2015. Given that the clothing, textiles, footwear and leather (CTFL) industries are designated by the dti, this item is also presumably designated as part of the footwear industry.

There is local production of footwear, including safety footwear. About 57 million<sup>7</sup> pairs of shoes were manufactured locally in 2018, although it is not clear how many of those were protective shoes that require the use of protective metal toe caps. Additionally, it is not clear if protective metal toe caps are manufactured locally. However, there are some exports, although minimal and often tending to fluctuate. For instance, 14 818 kg of metal toe caps were exported in the third quarter of 2018, which decreased to 194 kg in the third quarter of 2019.

Imports of protective metal toe caps surged from 238 337 kg in the third quarter of 2018 to 19.1 million kg in the third quarter of 2019 (see Graph 2), mainly driven by imports from China, which amounted to 19 million kg. It is not clear what is driving the surge. Based on Stats SA data, year-on-year percentage change in volume of manufacturing production for the footwear industry declined from 36.4% in July 2019 to 6% by September 2019, suggesting that there is no surge in manufacturing to justify the import of 19.1 million kg of safety inputs. This is therefore likely to be a data error. Analysis of other tariff lines with the same HS 6 digits indicate that this is not a misclassification error. It could, however, be a data capturing error.

**Graph 2: Imports of uppers and parts thereof: protective metal toe caps, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map data. Downloaded on <https://trademap.org> in December 2019. Data for the quarters before Q3 2019 is too low, particularly Q3 2014, hence it is not clearly visible on the graph.

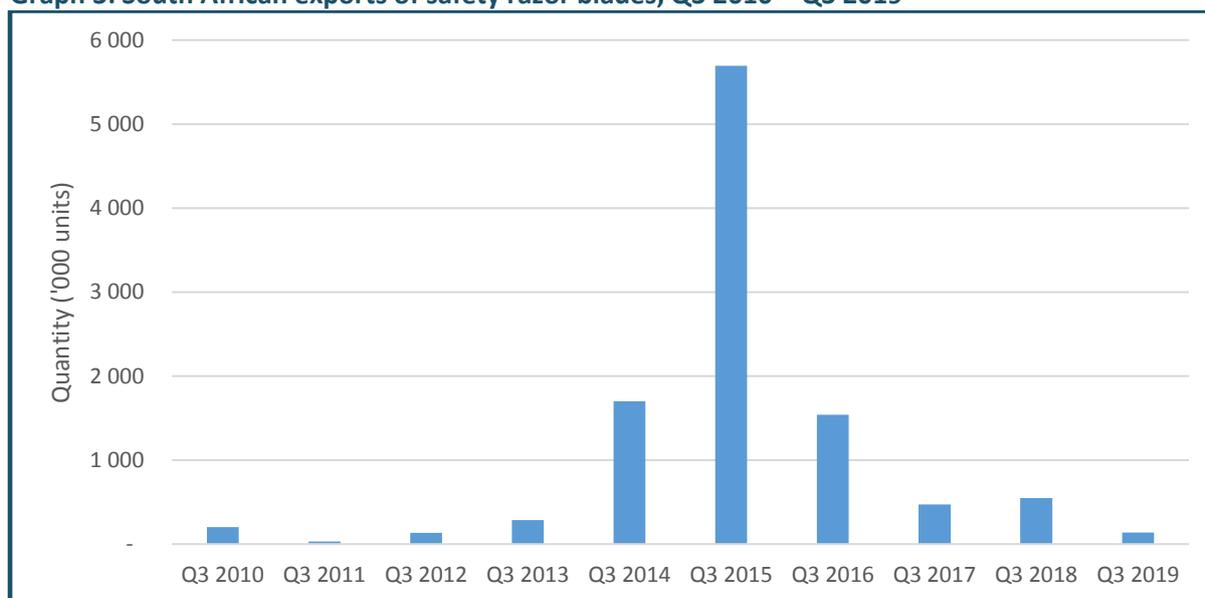
<sup>7</sup> Who Owns Whom, 2019. The Footwear Industry.

#### Finding 4: Safety razor blades of base metal, including razor blade blanks in strips

There is no clear technical description of safety razor blades of base metal, including razor blade blanks in strips (HS 82122000) in the South African Revenue Services (SARS) Customs and Tariff book. However, based on the chapter heading 82, it is a tool or implement made of base metal. The product includes safety razors with a blade used for shaving with a protective device positioned between the edge of the blade and the skin. It also appears to include more than safety razor blades for shaving, based on the companies identified that import the product. Approximately 27 companies<sup>8</sup> have been identified that import safety razor blades of base metal. Most of the companies are in the pharmaceutical industry, in particular the wholesale supply of pharmaceutical products. Several are large multinational companies. Four of the 27 companies are outliers, one of them manufactures paper and security printed products including bank notes and passports, while another is a water treatment plant. One of the remaining two companies supplies industrial equipment while the other supplies maritime and offshore safety equipment. This implies the product has various areas of application, given the activities of the companies identified.

In terms of manufacturing, it was difficult to establish the extent of South Africa's production of safety razor blades. The country does export safety razor blades (see Graph 3). The top 10 destinations for the product are in the Southern African Development Community (SADC), including Namibia, Zambia and Angola.

**Graph 3: South African exports of safety razor blades, Q3 2010 – Q3 2019**

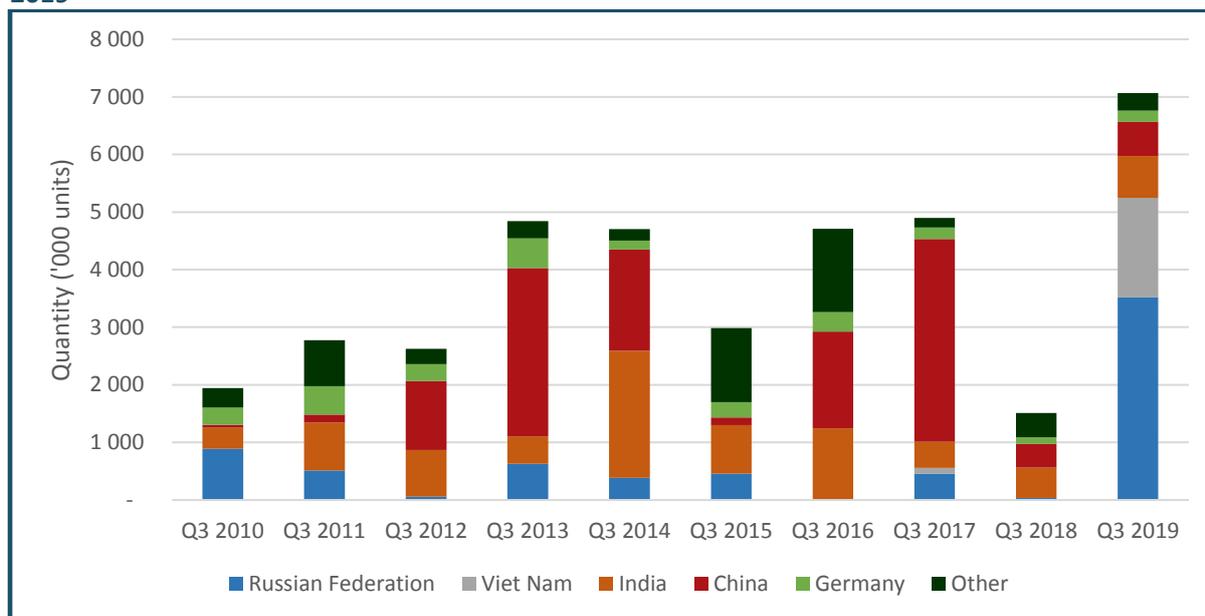


Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019.

Graph 4 shows the top five countries from which South Africa imported safety razor blades this quarter by quantity. The bulk of the imports come from India, China and Russia. The surge in imports in the third quarter of 2019 is due to an increase in quantities from Russia, which grew by 372.4% (3.5 million units) quarter-on-quarter which in total accounts for 41% of units imported. Vietnam is the second highest contributor to imports of safety razor blades with 24% (1.7 million units) of total imports, followed by India (10.3%). This quarter also saw a decline in imports from traditional sources such as India (51%) and China (68%).

<sup>8</sup> ITC Trade Map.

**Graph 4: Top five countries from which South Africa imports safety razor blades, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019

With the exception of three quarters in 2010 and 2013, imports of safety razor blades have tended to range between two million and five million units per quarter. However, in the third and fourth quarters of 2018 imports of the product declined, reaching a low of 1.5 million units in the third quarter of 2018. The decline in 2018 was the result of declined imports from China and Russia, two of the main sources of supply for this product for South African importers. Although the first and second quarters of 2019 saw an increase in imports from China (from 356 748 units in the first quarter of 2019 to 1.9 million units in the second quarter of 2019), these declined again to 593 008 units in the third quarter of 2019. In contrast, imports from Russia continue to increase since the recovery in the first quarter of 2019, rising to 3.5 million units in the third quarter of 2019, the highest quantity imported from the country since the second quarter of 2009.

Another country from which there is a surge of imports is Vietnam. Imports of safety razor blades from Vietnam are sporadic and often in low quantities (e.g. 76 668 units in the second quarter of 2018). However, in the first quarter of 2019 imports surged to 1.4 million units and reached a high of 1.7 million units in the third quarter of 2019. The reason for the surge from Vietnam and Russia is not clear. However, both countries have low unit prices for this item, compared to China, which has seen the unit price rise from R6.16 to R24 between the second and third quarters of 2019.

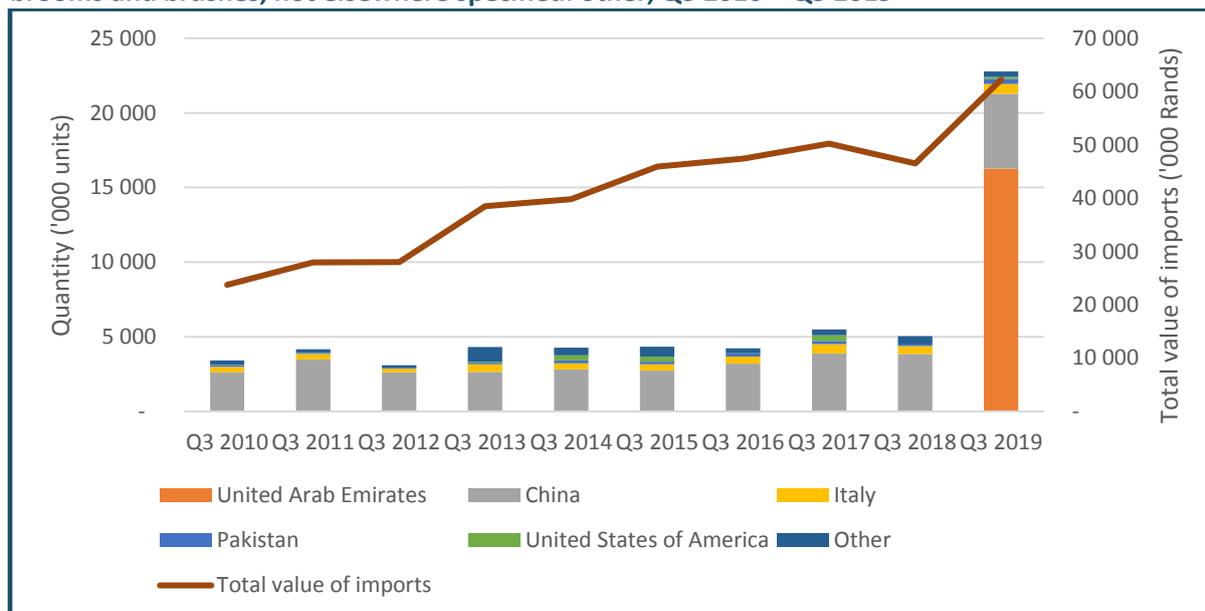
### **Finding 5: Mops and leather dusters; prepared knots and tufts for broom or brush making; squeegees of rubber or other flexible materials; brooms and brushes, not elsewhere specified: Other**

SARS trade data lists the product under HS 96039090 as mops and leather dusters; prepared knots and tufts for broom or brush making; squeegees of rubber or other flexible materials; brooms and brushes, not elsewhere specified: other. The SARS tariff book is less specific, providing no other description besides “other”. Given the non-descriptive description provided, it is hard to determine the extent of local production of the possibly many products traded under this tariff line. However, one Johannesburg-based company reports that it has the capacity to manufacture about 500 000 brooms, brushes and mops a month. Additionally, South Africa does export this product and has seen

exported quantities rise from 505 825 units in the third quarter of 2010 to one million units in the third quarter of 2019. Based on available information, this product is not designated.

Although imports of this product have always exceeded exports, between the third quarter of 2010 and the second quarter of 2019, the units imported have not exceeded seven million units. In the third quarter of 2019, imports of the product surged to 22.8 million units, largely driven by imports from the United Arab Emirates (UAE) (see Graph 5).

**Graph 5: Top five countries from which South Africa imports mops and leather dusters; prepared knots and tufts for broom or brush making; squeegees of rubber or other flexible materials; brooms and brushes, not elsewhere specified: other, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019.

Of the 22.8 million units imported in the third quarter of 2019, 16.3 million units were from the UAE. The surge is particularly concerning because it is not matched by a corresponding surge in price. Based on SARS data, the 16.3 million units were imported for a value of R410 000, a significantly low price, compared to China, the second largest source of imports of the product. Imports from China totalled five million units for a value of R41.8 million. This suggests that the surge from UAE is either a data error or the result of dumping measures from that country. An analysis of other related HS codes shows no decrease that would suggest a misclassification error, suggesting a possible data capturing error.

Although secondary sources<sup>9</sup> reported that global demand of household cleaning tools has been rising significantly, especially towards living room cleaning tools, it does not account for the surge. Further, the local cleaning agency, SweepSouth, raised in excess of R50 million in new investments to expand its services. This nevertheless also does not account for the surge. Given the uncertainty about the correctness of the numbers, and the lack of clarity about what might be driving the surge, this trend will be monitored in the coming quarters.

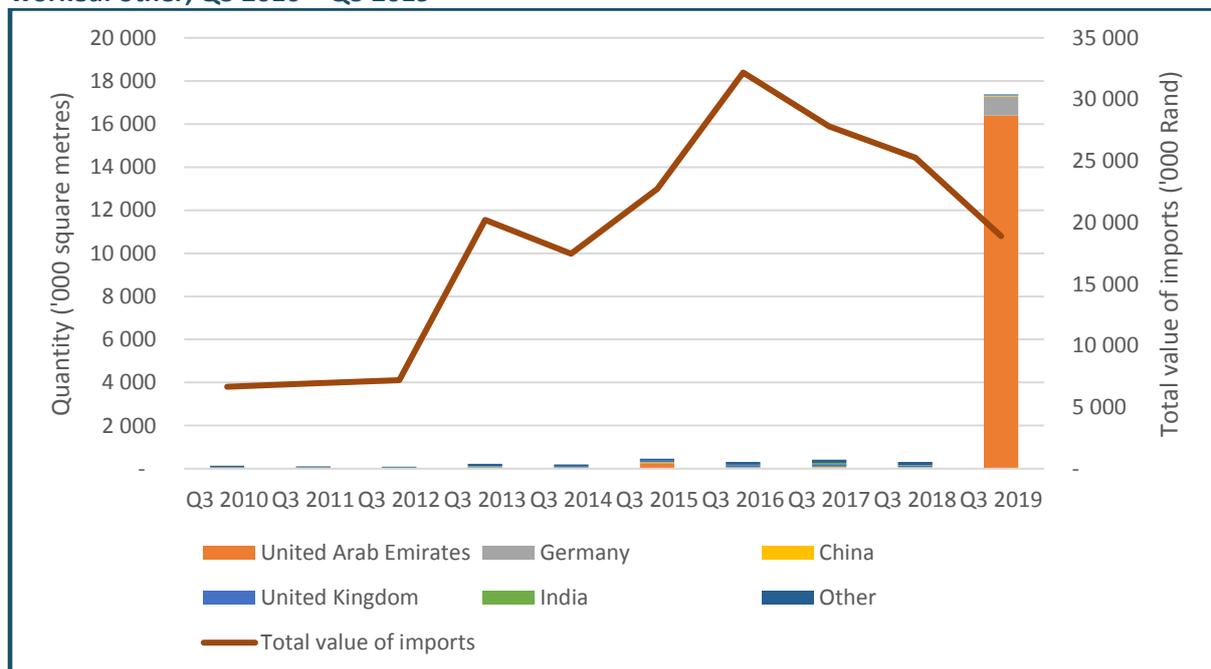
<sup>9</sup> Market Watch. 2019 Press Release: Household Cleaning Tools Market Size, Share, Historical Growth, Segmentation, Analysis, Opportunities and Forecast to 2024.

## Finding 6: Float glass and surface ground or polished glass, in sheets, having an absorbent, reflecting or non-reflecting layer, but not otherwise worked: Other

Float glass and surface ground or polished glass, in sheets, having an absorbent, reflecting or non-reflecting layer, but not otherwise worked: other (HS 70051090) is made by mixing sand, limestone, dolomite and soda ash in a hot furnace.<sup>10</sup> Among some of its applications, float glass is used in the construction industry for windows, doors, and greenhouses. China, Germany and the US are among the biggest exporters of float glass.

South Africa manufactures glass and glass products, with seasonally adjusted sales for 2017 amounting to R11.1 billion. At least 260 000 tonnes of float glass were manufactured locally in 2017. Still, South Africa is a net importer of float glass, with exports amounting to 78 045 square metres in the third quarter of 2019, compared to 213 487 square metres in imports in the second quarter of 2019. During the third quarter of 2019 imports surged to 17.4 million square metres, largely driven by imports of 16.4 million square metres from the UAE (see Graph 6). As with the imports of cleaning products, this appears to be the result of either a data error, or possible dumping actions. Similar to the surge in imports of cleaning products, the surge in quantities of float glass is not matched by a corresponding surge in price. The correctness of the data could not be verified as UAE trade data is not readily available and Trade Map data for the UAE only provided mirror data (this data relies on information reported by importing countries rather than data reported by the exporter).

**Graph 6: Top five countries from which South Africa imports float glass and surface ground or polished glass, in sheets, having an absorbent, reflecting or non-reflecting layer, but not otherwise worked: other, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019

## Finding 7: Static converters

A static converter (HS 85044000) is “a meshed network of electrical components that acts as a linking, adapting or transforming stage between two sources, generally between a generator and a load”.<sup>11</sup>

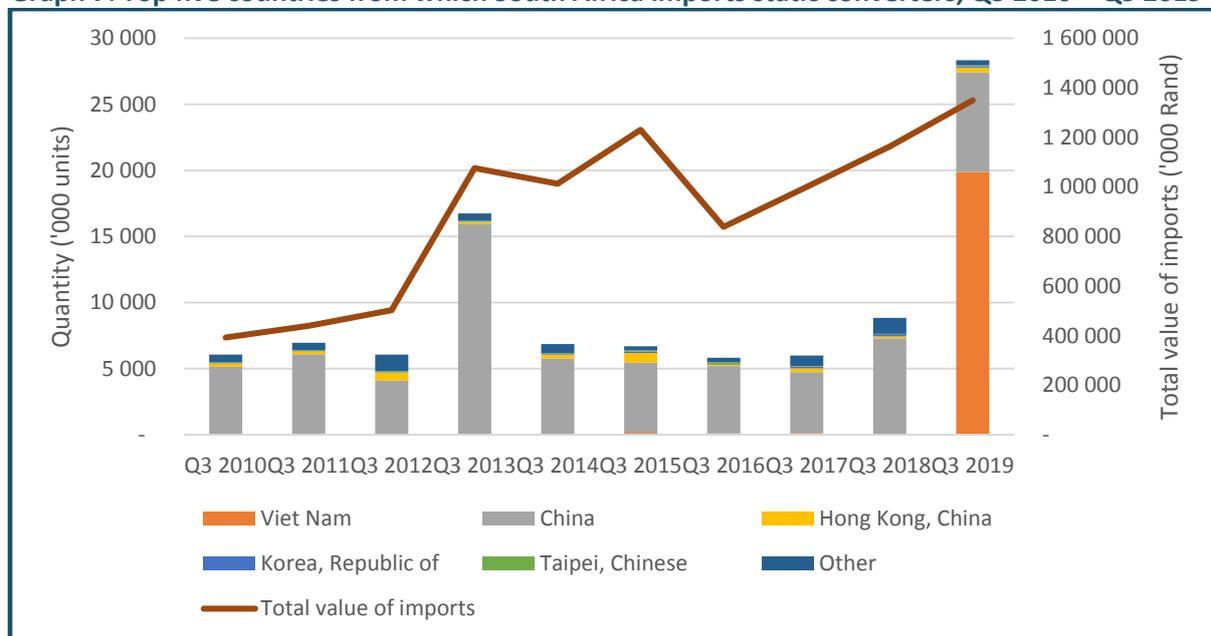
<sup>10</sup> Najib, SK., 2014. Latest development and architectural applications of float glass. Ahmadu Bello University.

<sup>11</sup> Bordry, F. Power converters: definitions, classification and converter topologies.

Although the extent of local production of static converters is not clear, this product is manufactured locally. There were 173 903 units exported in the third quarter of 2019, largely to Zimbabwe, Namibia and Botswana. South Africa is nevertheless a net importer of static converters, and saw imports average about seven million units between the third quarter of 2010 and the third quarter of 2018. The Industrial Policy Action Plan (IPAP) 2018/19 – 2020/21 notes that electrical systems such as static converters, transformers and switch gears are the main contributors to the trade deficit, largely as a result of the Eskom build programme.

Imports of static converters surged to 28.3 million units in the third quarter of 2019, from 8.8 million units in the third quarter of 2018 (see Graph 7). The surge is the result of extremely high imports from Vietnam, which totalled 19.9 million units. As with imports of float glass discussed in Finding 6, the surge in quantity is not matched by a corresponding increase in the value of the imports. Thus, whereas the quantity imported from Vietnam rose from 51 332 units in the third quarter of 2018 to 19.9 million units in the third quarter of 2019, the value of the imports grew from R11 million to R12.3 million during the same period.

**Graph 7: Top five countries from which South Africa imports static converters, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019.

It is not clear what is driving the surge. One view is that this could simply be a data capturing error. However, this has not been confirmed as Vietnam trade data is not readily available. As with the UAE, Vietnam data on Trade Map is mirror data, and thus cannot be used to confirm the accuracy of the information. This trend will be monitored to ensure that there is no dumping.

### Finding 8: Phosphorus

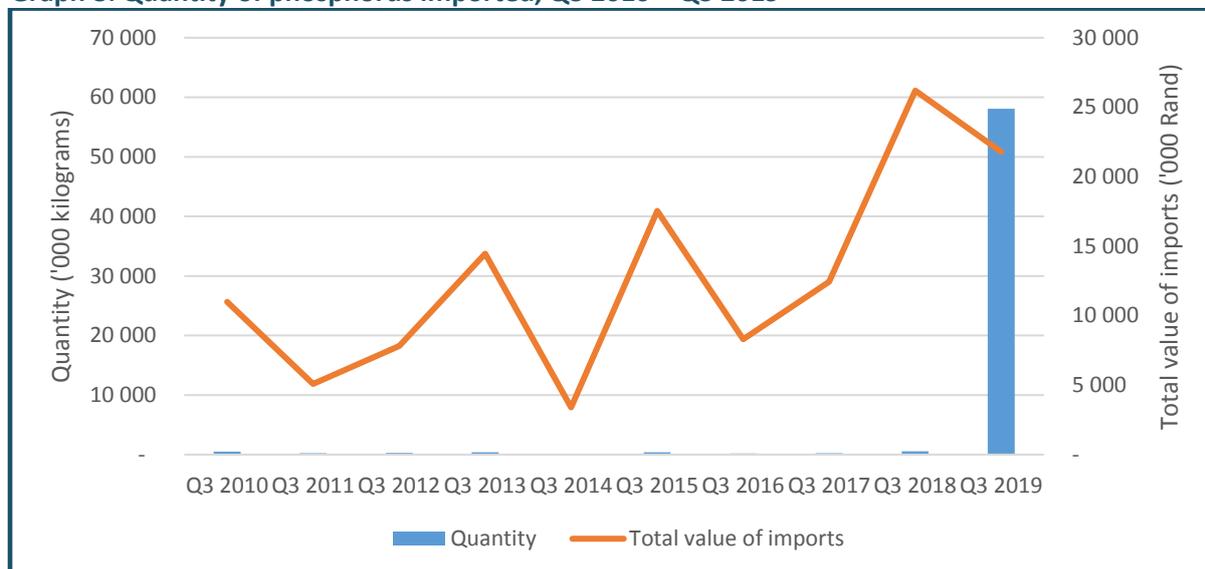
Phosphorus (HS 28047000) mainly comes in two forms: white phosphorus and red phosphorus.<sup>12</sup> This is used in various industries, including in the manufacture of fertiliser and safety matches, it is also used in some detergents, as well as in the production of light-emitting diodes (LEDs).<sup>13</sup> Data on local production of phosphorus is not clear; however, in 2018, Foskor – a local company – reported production of phosphate rock at 2 141 k tonnes. Phosphate rock is a source of phosphorus.

<sup>12</sup> <https://www.rsc.org/periodic-table/element/15/phosphorus>

<sup>13</sup> <https://www.chemicool.com/elements/phosphorus.html>

South Africa is a net importer of phosphorus, with only eight kilograms exported in the third quarter of 2018 compared to imports of 58.1 million kilograms in the same period. The data shows a massive spike in imports of 58.1 million kilograms in the third quarter of 2019, a surge from just 528 208 kilograms imported in the third quarter of 2018 (see Graph 8). This is likely a data capturing error.

**Graph 8: Quantity of phosphorus imported, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019.

Note: quantities for the period Q3 2010 – Q3 2018 are low compared to Q3 2019, hence some of them are not visible on the graph.

Vietnam is the biggest source of phosphorus imports for South Africa, followed by China, which has not exported phosphorus to South Africa since the third quarter of 2018. The reason for the surge is not clear but may be a combination of a data capturing error with an increase in imports. While the quantity surge is not matched by a proportional increase in the value of the imports, the value of imports has doubled since the first quarter of 2018. This trend will be monitored.

### **Finding 9: Flat-rolled products of iron/non-alloy steel with a with width of $\geq 600$ mm**

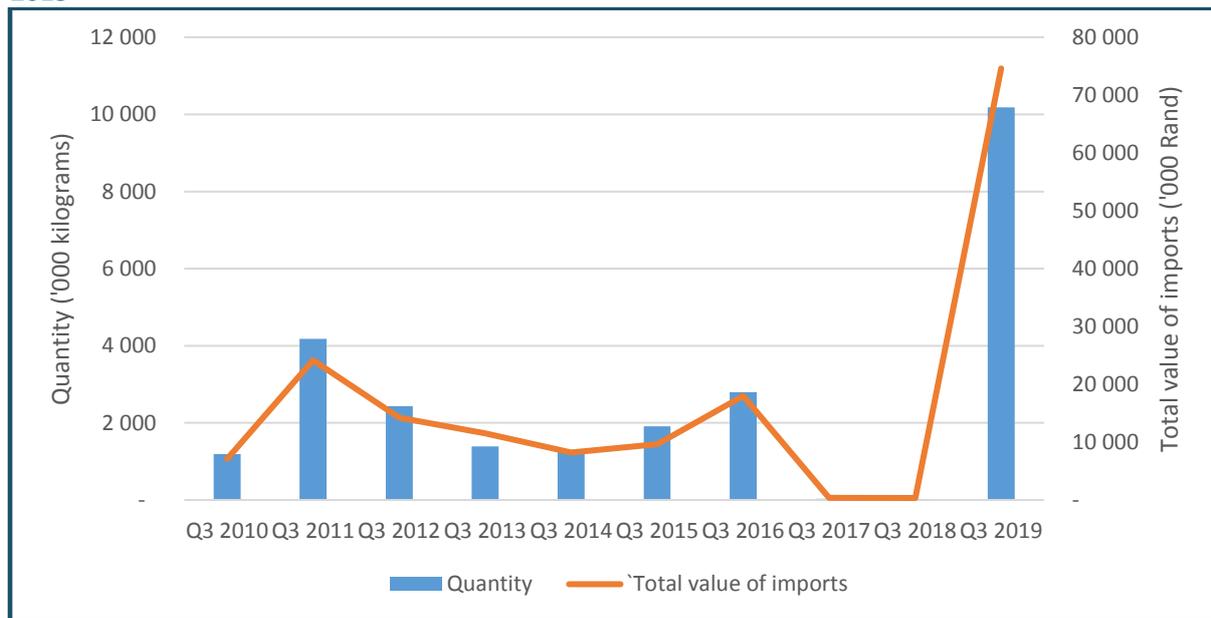
Flat-rolled products of iron/non-alloy steel with a with width of  $\geq 600$  mm (HS 72083700) is the 1 828<sup>th</sup> most traded product.<sup>14</sup> The product has various applications, particularly in construction and mining where it is used for roofing products, mining equipment dunkers and tippers, tubes and pipes, as well as mobile cranes, among other uses. Based on the dti's National Industrial Participation Programme, this product is 100% designated for local production. South Africa is a producer of steel. However, the local steel industry has been declining since 2008/09,<sup>15</sup> and has seen pricing, margins and profitability affected by factors such as cheap steel imports and weak demand.

In the third quarter of 2019, imports of flat-rolled products of iron/non-alloy steel surged to 10.2 million kilograms, from 25 255 kilograms in the third quarter of 2018 (see Graph 9). Almost 100% of the imports originate from Russia, a change from the previous quarters when imports largely originated from China.

<sup>14</sup> <https://oec.world/en/profile/hs07/720825/>

<sup>15</sup> Who Owns Whom, 2019. Manufacture and wholesale of basic iron and steel.

**Graph 9: Flat-rolled products of iron/non-alloy steel with a width of  $\geq 600$  mm, Q3 2010 – Q3 2019**



Source: Calculated from ITC Trade Map. Downloaded from <https://www.trademap.org> in December 2019. Note: Quantities for Q3 2017 and Q3 2018 are too low, hence they are not visible on the graph.

The surge in imports of hot-rolled flat products of iron or non-alloy steel can be traced back to a safeguard placed by the dti in August 2017 on certain hot-rolled steel products falling under the HS7208, including tariff line HS720837.<sup>16</sup> The application for this safeguard was lodged by the South African Iron and Steel Institute (SAISI), whose members make up 100% of Southern African Customs Union (SACU) production volumes. The International Trade Administration Commission (ITAC) concluded that that the SACU industry was threatened by the ongoing surge in import volumes on certain steel related products and thus recommended a 12% ad valorem duty on certain hot-rolled steel products. Further recommendations were that the duty would be liberalised, reaching between 3% and 8% by the third year. The safeguard excluded imports from developing country members which met certain requirements for exclusion. In addition, the safeguard was seemingly targeted at Chinese imports.

Imports of products from a number of developing countries, including Russia and Taiwan (Chinese Taipei), did not meet the threshold at the time of the safeguard imposition, while imports from the European Union (EU) were subject to a 0% duty on this tariff line. Consequently, the safeguard, by eliminating Chinese imports, created market opportunities for Taiwan, EU states and Russia among others. It is reported that in the first quarter of 2019, Taiwan breached the safeguard threshold and is now subject to the safeguard duty, and Russia has subsequently recorded a surge in exports to the South African market.

Russia has accordingly, in the third quarter of 2019, become the sole exporter of these products as the countries it ordinarily would have competed with for market access have safeguard duties applied to their exports. Given that South Africa is facing what has been termed a 10-year low in domestic steel consumption,<sup>17</sup> it appears that South Africa is not the final destination for these imports. In the third quarter of 2019 exports of the product increased to 15.5 million kilograms from 7.5 million

<sup>16</sup> ITAC Investigation Report No. 551 *Investigation into the remedial action in the form of a safeguard against the increased imports of certain flat rolled steel products: final determination.*

<sup>17</sup> <http://m.engineeringnews.co.za/article/as-steel-consumption-plumbs-ten-year-lows-amsa-seeks-power-relief-2019-08-01>

kilograms in the third quarter of 2018. The bulk of these exports (10.3 million kilograms) went to Tanzania.

### Finding 9: Data errors and other issues

Table 2 provides a list of possible data errors for the third quarter of 2019. Of the seven data errors reported for the quarter in Table 2, six are wood products. While the items have been flagged due to the increase in quantity not matching the increase in price – and in some cases the price declines even with the surge in quantity – further analysis is required to fully understand what is going on.

**Table 2: Errors and other issues**

HS Code	Product Description	Description of error
<b>44072500</b>	Dark red meranti, light red meranti and meranti bakau of a thickness of > 6 mm	Error in reporting quantity from Malaysia in July and August. The surge in quantity is not matched by a corresponding increase in price.
<b>44123900</b>	Plywood consisting solely of sheets of wood <= 6 mm thick, with both outer plies of coniferous wood	Error in reporting quantity from Brazil for the quarter. The surge in quantities is not matched by a corresponding increase in price. The price of imports in Q2 is higher than that of Q3, although Q3 quantities are significantly higher than those of Q2. This trend will be monitored, specifically as it might be impacted by souring relationships between the Brazilian and US wood industry players.
<b>44079100</b>	Oak "Quercus spp.", sawn or chipped lengthwise of a thickness of > 6 mm	Error in reporting quantity from China for July. The surge in quantity is not matched by a corresponding increase in price. The result is that the unit cost would be R0.01 per kilogram imported. Additionally, China is a net importer of this product, importing almost 200 million kilograms in Q3 2019, compared to exports of 1.4 million kilograms during the same period.
<b>44123100</b>	Plywood consisting solely of sheets of wood <= 6 mm thick	Error in reporting quantity from Indonesia. The surge in quantity is not matched by the slight increase in the value of the imports. Although there is a slight increase in price in Q3, it is not significant to account for the quantities, particularly comparing the price and quantity for Q2 and Q3.
<b>44072900</b>	Tropical wood, sawn or chipped lengthwise of a thickness of > 6 mm	Error in reporting quantity from Indonesia. The surge in quantity is not matched by the slight increase in the value of the imports.
<b>48109990</b>	Paper and paperboard, coated on one or both sides with kaolin: Other	Error in reporting quantity from India in the third quarter. There is a mismatch between the surge in quantity relative to the increase in the value of the imports.
<b>44121000</b>	Plywood, veneered panel and similar laminated wood, of bamboo	Error in reporting quantity from China. The surge in quantity is not matched by an increase in price. In fact, the value of Chinese imports of the product declined in Q3 compared to Q2 when the quantity was 95 184 cubic metres, compared to Q3's 15,7 million cubic metres.

## Data annexures

### Annexure 1: Top 100 import products by value, Q3 2019

HS Code	Product description	Import value, Rand billion	Change in rank, Q3 2018 – Q3 2019	Designation status
27090000	Crude oil	22.33	No change	Not designated
98010030	Automotive components: for motor cars	15.67	No change	Not designated
27101230	Diesel	11.54	No change	Not designated
98010040	Original equipment components: for goods vehicles	9.72	No change	Not designated
87032290	Cars and related vehicles: cylinder capacity 1 000 cm <sup>3</sup> to 1 500 cm <sup>3</sup>	5.58	1	Not designated
49070010	Postage stamps, revenue stamps and banknotes	4.97	1	Not designated
87032390	Cars and related vehicles: cylinder capacity 1 500 cm <sup>3</sup> to 3 000 cm <sup>3</sup>	4.27	1	Not designated
27101202	Light oils and preparations: petrol	3.37	4	Not designated
98010045	Original equipment components: for goods vehicles	3.22	2	Not designated
84715000	Processing units for automatic data-processing machines	3.20	7	Not designated
85171210	Cellphones	3.17	-6	Not designated
85176290	Routers and set-top boxes: other	2.93	-3	Not designated
88024000	Aeroplanes and other powered aircraft: weight > 15.000 kg	2.65	37	Not designated
85023100	Generating sets, wind-powered	2.09	5109	Not designated
87033290	Cars and related vehicles: cylinder capacity 1 000 cm <sup>3</sup> to 2 500 cm <sup>3</sup>	2.09	1	Not designated
87032190	Cars and related vehicles: cylinder capacity not exceeding 1 000 cm <sup>3</sup>	2.05	-1	Not designated
10063000	Semi-milled or wholly milled rice, whether or not polished or glazed	1.75	7	Not designated
33021000	Alcoholic and other solutions used in the food and drink industries	1.71	3	Not designated
98010015	Automotive components: for tractors and buses	1.52	13	Not designated
28182000	Aluminium oxide	1.52	-6	Not designated
90189000	Medical instruments and appliances, n.e.s.	1.51	4	Not designated
87033390	Cars and related vehicles: cylinder capacity exceeding 2 500 cm <sup>3</sup>	1.49	4	Not designated

HS Code	Product description	Import value, Rand billion	Change in rank, Q3 2018 – Q3 2019	Designation status
<b>84439900</b>	Parts and accessories of printers, copying machines and facsimile machines, n.e.s.	1.47	-5	Not designated
<b>71081300</b>	Gold, in semi-manufactured forms, for non-monetary purposes	1.38	13	Not designated
<b>84314990</b>	Parts of machinery of heading 8426, 8429 and 8430, n.e.s: other	1.37	-5	Not designated
<b>71023100</b>	Non-industrial diamonds unworked or simply sawn, cleaved or bruted	1.35	-7	Not designated
<b>85044000</b>	Static converters	1.35	1	Not designated
<b>31021000</b>	Urea, whether or not in aqueous solution	1.34	-1	Not designated
<b>85177090</b>	Parts for telephones, routers and other telecoms devices	1.31	No change	Not designated
<b>27101207</b>	Light oils and preparations: other	1.28	22	Not designated
<b>64029900</b>	Footwear with outer soles and uppers of rubber or plastics	1.27	-8	100% Designated
<b>87082900</b>	Parts and accessories of bodies for tractors and buses	1.26	-10	Not designated
<b>27111100</b>	Natural gas, liquefied	1.18	-3	Not designated
<b>84295200</b>	Self-propelled bulldozers, etc: with 360 degree revolving superstructure	1.12	13	Not designated
<b>74081100</b>	Wire of refined copper, with a maximum cross-sectional dimension of > 6 mm	1.06	-2	Not designated
<b>87089990</b>	Parts and accessories for tractors and buses	1.00	7	Not designated
<b>98010025</b>	Original equipment components: for buses and taxis	0.97	-3	Not designated
<b>38220000</b>	Diagnostic or laboratory reagents (pharmaceutical chemicals)	0.91	2	Not designated
<b>64041990</b>	Footwear with outer soles of rubber or plastics and uppers of textile materials	0.91	7	100% Designated
<b>84433100</b>	Printers and fax machines	0.83	11	Not designated
<b>69091900</b>	Ceramic wares for chemical or other technical uses	0.82	1	Not designated
<b>27160000</b>	Electrical energy	0.82	-3	Not designated
<b>84283900</b>	Continuous-action elevators and conveyors, for goods or materials	0.80	231	Not designated
<b>88033000</b>	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	0.79	No change	Not designated
<b>84798990</b>	Machines and mechanical appliances, n.e.s: other	0.78	-14	Not designated
<b>95030090</b>	Tricycles, scooters, pedal cars and similar wheeled toys: other	0.78	-1	Not designated

HS Code	Product description	Import value, Rand billion	Change in rank, Q3 2018 – Q3 2019	Designation status
<b>87032490</b>	Cars and related vehicles: cylinder capacity exceeding 3 000 cm3	0.77	6	Not designated
<b>22030090</b>	Beer made from malt: other	0.75	32	Not designated
<b>22083010</b>	Whiskies: In containers holding 2 li or less	0.74	8	Not designated
<b>85443000</b>	Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	0.70	5	90% Designated
<b>87042181</b>	Cars and related vehicles: double-cab trucks	0.68	-10	Not designated
<b>94019090</b>	Parts of seats, n.e.s: other	0.68	2	85% - 100% Designated
<b>39269090</b>	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s: other	0.68	6	Not designated
<b>61091000</b>	T-shirts, singlets and other vests of cotton, knitted or crocheted	0.67	9	100% Designated
<b>84733000</b>	Parts and accessories of automatic data-processing machines	0.64	9	Not designated
<b>64039990</b>	Footwear with outer soles: Other	0.62	5	100% Designated
<b>33049990</b>	Beauty or make-up preparations and preparations for the care of the skin: Other	0.62	9	Not designated
<b>84223000</b>	Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers	0.62	23	Not designated
<b>84717000</b>	Storage units for automatic data-processing machines	0.61	-1	Not designated
<b>84391000</b>	Machinery for making pulp of fibrous cellulosic material	0.58	4054	Not designated
<b>29173600</b>	Terephthalic acid and its salts	0.58	25	Not designated
<b>27011200</b>	Bituminous coal, whether or not pulverised, non-agglomerated	0.57	-26	Not designated
<b>30022000</b>	Vaccines for human medicine	0.56	-15	Not designated
<b>84013000</b>	Fuel elements, non-irradiated, in casing with handling fixtures, for nuclear reactors	0.56	5273	Not designated
<b>27011900</b>	Coal (excluding anthracite and bituminous coal)	0.56	-9	Not designated
<b>21069090</b>	Food preparations, n.e.s: other	0.55	13	Not designated
<b>87041090</b>	Dumpers for off-highway use: other	0.54	-29	Not designated
<b>38112100</b>	Additives for oil lubricants containing petroleum oil or bituminous mineral oil	0.53	4	Not designated

HS Code	Product description	Import value, Rand billion	Change in rank, Q3 2018 – Q3 2019	Designation status
<b>23040000</b>	Oilcake and other solid residues from the extraction of soya-bean oil	0.51	5	Not designated
<b>84089090</b>	Compression-ignition internal combustion piston engine “diesel or semi-diesel engine”: other	0.49	34	Not designated
<b>84749000</b>	Parts of machinery for working mineral substances of heading 8474, n.e.s.	0.48	27	Not designated
<b>87085085</b>	Drive-axles: other parts of drive axles	0.48	225	Not designated
<b>87083090</b>	Brakes and servo-brakes and their parts: other	0.47	-4	Not designated
<b>10059090</b>	Maize (excl. seed for sowing): other	0.47	4033	Not designated
<b>84224000</b>	Packing or wrapping machinery, incl. heat-shrink wrapping machinery	0.47	99	Not designated
<b>84271000</b>	Self-propelled trucks fitted with lifting or handling equipment, powered by an electric motor	0.46	25	Not designated
<b>73269090</b>	Articles of iron or steel, n.e.s: other	0.46	-9	100% Designated
<b>84291100</b>	Self-propelled bulldozers and angledozers	0.45	-7	Not designated
<b>5040010</b>	Guts, bladders and stomachs of animals (other than fish): sausage casings	0.45	36	Not designated
<b>31054000</b>	Ammonium dihydrogenorthophosphate	0.44	-18	Not designated
<b>84099990</b>	Parts suitable for use solely or principally with diesel or semi-diesel engine, n.e.s: other	0.43	-3	Not designated
<b>85152100</b>	Fully or partly automatic machines for resistance welding of metals	0.43	1140	Not designated
<b>85371090</b>	Boards, cabinets and similar apparatus for electric control for a voltage <= 1.000 V: other	0.42	-7	Not designated
<b>84834000</b>	Gears and gearing for machinery	0.42	-1	Not designated
<b>48115990</b>	Paper and paperboard (excl. bleached and weighing > 150 g/m <sup>2</sup> , and adhesives): other	0.42	No change	Not designated
<b>31042000</b>	Potassium chloride for use as fertiliser	0.42	-26	Not designated
<b>27101235</b>	Light oils and preparations, of petroleum or bituminous minerals	0.42	178	Not designated
<b>85437000</b>	Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85	0.41	-4	Not designated
<b>73110090</b>	Containers of iron or steel, for compressed or liquefied gas: other	0.41	587	100% Designated

HS Code	Product description	Import value, Rand billion	Change in rank, Q3 2018 – Q3 2019	Designation status
<b>87033190</b>	Cars and related vehicles designed for the transport of <10 persons: other	0.40	43	Not designated
<b>84304100</b>	Self-propelled boring or sinking machinery for boring earth or extracting minerals or ores	0.39	-1	Not designated
<b>28439000</b>	Compounds of precious metals, whether or not chemically defined (excluding silver and gold)	0.39	32	Not designated
<b>84139100</b>	Parts of pumps for liquids, n.e.s.	0.39	19	Not designated
<b>90183900</b>	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary sciences	0.39	25	Not designated
<b>39069090</b>	Acrylic polymers, in primary forms (excl. polymethyl methacrylate): other	0.38	4	Not designated
<b>85072000</b>	Lead acid accumulators (excl. spent and starter batteries)	0.36	50	Not designated
<b>16041317</b>	Prepared or preserved sardines, sardinella and brisling or sprats	0.36	-22	Not designated
<b>84111200</b>	Turbojets of a thrust > 25 kN	0.36	24	Not designated
<b>90318000</b>	Instruments, appliances and machines for measuring or checking (excluding optical)	0.36	17	Not designated
<b>85299080</b>	Other parts for reception apparatus for television	0.36	50	30%-60%, 20%-100% designated for components

Source: SARS Trade Statistics, Q3 2019.

**Annexure 2: Surges in import products, by quantity, with explanations, Q3 2019**

HS Code	Product Description	Explanation	Real Growth, Quantity	Unit	Percent Growth	Designation Status
27111100	Natural gas, liquefied	Not significant – the surge is the result of low imports in 2018, this increase is a return to normal levels	760 624 472	Kilograms	96 665%	Not designated
44072500	Dark red meranti, light red meranti and meranti bakau of a thickness of > 6 mm	Data error – error in reporting quantity from Malaysia	641 617 129	Cubic meters	4 390 876%	Not designated
44123900	Plywood consisting solely of sheets of wood <= 6 mm thick, with both outer plies of coniferous wood	Data error – error in reporting quantity from Brazil	276 543 210	Cubic meters	64 269%	Not designated
10059090	Maize (excluding seed for sowing): other	Ongoing monitoring	163 813 587	Kilograms	61 221%	Not designated
44079100	Oak "Quercus spp.", sawn or chipped lengthwise of a thickness of > 6 mm	Data error – error in reporting quantity from China	105 312 013	Cubic meters	4 191 456%	Not designated
44123100	Plywood consisting solely of sheets of wood <= 6 mm thick	Data error – error in reporting quantity from Indonesia	90 250 494	Cubic meters	14 580 754%	Not designated
44072900	Tropical wood, sawn or chipped lengthwise of a thickness of > 6 mm	Data error – error in reporting quantity from Indonesia	83 042 793	Cubic meters	223 120%	Not designated
27101202	Light oils and preparations: petrol	Not significant	78 829 228	Litres	20%	Not designated
27101207	Light oils and preparations: other	Not significant	74 859 099	Litres	75%	Not designated
10063000	Semi-milled or wholly milled rice, whether or not polished or glazed	Not significant	73 717 641	Kilograms	39%	Not designated
28047000	Phosphorus	<b>Selected for analysis</b>	57 571 038	Kilograms	10 899%	Not designated
27011100	Anthracite, whether or not pulverised, non-agglomerated	Not significant	49 372 773	Kilograms	70%	Not designated
27101235	Light oils and preparations, of petroleum or bituminous minerals	Not significant – surge within usual variance	42 655 929	Litres	171%	Not designated

HS Code	Product Description	Explanation	Real Growth, Quantity	Unit	Percent Growth	Designation Status
<b>27112990</b>	Hydrocarbons in gaseous state, n.e.s. (excluding natural gas): other	Ongoing monitoring	36 939 529	Kilograms	756 234%	Not designated
<b>28151200</b>	Sodium hydroxide "caustic soda" in aqueous solution	Not significant	34 098 434	Kilograms	55%	Not designated
<b>22030090</b>	Beer made from malt: other	Not significant	25 840 711	Litres	85%	Not designated
<b>71039900</b>	Precious and semi-precious stones, worked, whether or not graded	Not significant - surge within usual variance	25 230 998	Carat	165%	Not designated
<b>31021000</b>	Urea, whether or not in aqueous solution	Not significant	24 817 907	Kilograms	8%	Not designated
<b>48109990</b>	Paper and paperboard, coated on one or both sides with kaolin: other	Data error - error in reporting quantity from India	20 871 387	Kilograms	2 560%	Not designated
<b>26011100</b>	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	Ongoing monitoring	19 683 099	Kilograms	4 147%	Not designated
<b>26140000</b>	Titanium ores and concentrates	Not significant - surge within usual variance	19 603 348	Kilograms	189%	Not designated
<b>85044000</b>	Static converters	<b>Selected for analysis</b>	19 509 171	Units	221%	Not designated
<b>31026000</b>	Double salts and mixtures of calcium nitrate and ammonium nitrate	Not significant	19 220 136	Kilograms	73%	Not designated
<b>64061015</b>	Uppers and parts thereof: protective metal toe caps	<b>Selected for analysis</b>	18 883 266	Kilograms	7 923%	Designated
<b>39072090</b>	Polyethers, in primary forms: other	<b>Selected for analysis</b>	18 154 345	Kilograms	207%	Not designated
<b>96039090</b>	Brooms and brushes, n.e.s: other	<b>Selected for analysis</b>	17 719 306	Units	351%	Not designated
<b>23040000</b>	Oilcake and other solid residues from the extraction of soya-bean oil	Not significant	17 418 771	Kilograms	19%	Not designated
<b>70051090</b>	Float glass and surface ground or polished glass (excl. wired glass): other	<b>Selected for analysis</b>	17 065 174	Square meters	5 506%	Not designated

HS Code	Product Description	Explanation	Real Growth, Quantity	Unit	Percent Growth	Designation Status
11072020	Roasted malt: of barley	Not significant – surge within variance	15 601 934	Kilograms	100%	Not designated
44121000	Plywood, veneered panel and similar laminated wood, of bamboo	Data error – error in reporting quantity from China	15 477 797	Cubic meters	8 473%	Not designated
23063000	Oilcake and other solid residues from the extraction of sunflower seeds	Ongoing monitoring	14 117 248	Kilograms	157%	Not designated
29173600	Terephthalic acid and its salts	Not significant	13 048 649	Kilograms	35%	Not designated
22042941	Wine of fresh grapes, including fortified wines, and grape must	Ongoing monitoring	12 778 835	Litres	7 640%	Not designated
71051000	Dust and powder of diamonds, including synthetic diamonds	Not significant – surge within usual variance	11 769 644	Carat	118%	Not designated
28365000	Calcium carbonate	Not significant	11 685 152	Kilograms	32%	Not designated
85235210	Cards incorporating one or more electronic integrated circuits “smart cards”: digital	Not significant	11 413 989	Units	19%	Not designated
72083700	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm	<b>Selected for analysis</b>	10 155 159	Kilograms	40 210%	Designated
90183900	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary sciences	Not significant	9 643 179	Units	76%	Not designated
90183140	Syringes, with or without needles: Disposable hypodermic syringes of plastics	Not significant	9 613 944	Units	16%	Not designated
85235290	Cards incorporating one or more electronic integrated circuits “smart cards”: other	Ongoing monitoring	9 075 805	Units	121%	Not designated
25231000	Cement clinkers	Not significant	8 776 018	Kilograms	17%	Not designated
23080000	Acorns, horse-chestnuts, marc and other vegetable materials and vegetable waste used in animal feeding	Not significant – surge within usual variance	8 573 898	Kilograms	867%	Not designated

HS Code	Product Description	Explanation	Real Growth, Quantity	Unit	Percent Growth	Designation Status
29053100	Ethylene glycol "ethanediol"	Not significant	7 382 984	Kilograms	41%	Not designated
31043000	Potassium sulphate (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Not significant	6 484 363	Kilograms	34%	Not designated
22030005	Beer made from malt : traditional African beer	Not significant - surge within usual variance since Heineken restructuring	5 895 327	Litres	904%	Not designated
82121000	Non-electric razors of base metal	Not significant	5 747 870	Units	60%	Not designated
82122000	Safety razor blades of base metal, including razor blade blanks in strips	<b>Selected for analysis</b>	5 557 028	Units	368%	Not designated
72044900	Waste and scrap of iron or steel	Not significant	5 442 100	Kilograms	52%	Designated
85393190	Discharge lamps, fluorescent, hot cathode: other	Not significant - surge within usual variance	5 223 908	Units	111%	Not designated
39269090	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s: other	Not significant	5 146 289	Kilograms	71%	Not designated

Source: SARS Trade Statistics, Q3 2019